

**BOARD OF DIRECTORS  
METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT  
PIMA COUNTY, ARIZONA**

**December 13, 2004**

**\*\* Board Room \*\***

**Metropolitan Domestic Water Improvement District  
6265 N. La Cañada Drive  
Tucson, AZ 85704**

**MINUTES**

Board Members Present:     Dan M. Offret, Chair  
                                      Suzanne Downing, Vice Chair  
                                      Reb Guillot, Member  
                                      James Tripp, Member  
                                      Jim Doyle, Member

District Staff:                Christopher Hill, Deputy Manager  
                                      Michael McNulty, Legal Counsel  
                                      Warren Tenney, Clerk of the Board  
                                      Alice Stults, Recorder

**Regular Session**

**I.     Call to Order and Roll Call**

Dan M. Offret, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 6:02 p.m. Dan M. Offret, Suzanne Downing, Jim Doyle, Reb Guillot, and James Tripp and were present.

**II.    General Comments from the Public**

There were no comments from the public.

**III.   Consent Agenda**

- A.     Approval of Minutes – November 8, 2004 Board Meeting.**
- B.     Ratification of Billing Adjustments.**

Mr. Tripp made a motion to approve the consent agenda. Ms. Downing seconded the motion. The motion passed unanimously.

**IV.   General Business – Items for Discussion and Possible Action**

**A. Monthly Status of the District.**

Christopher Hill, Deputy Manager, said the District pumped less water last month than during the same month the prior year. Mr. Hill mentioned the high consumption contacts and said that customer service staff contacted 15 customers during November 2004 to notify them of their increase in water usage. He explained that the increase in water usage is often due to water line breaks, or water being left turned on at an outdoor tap.

Mr. Offret asked if any new business developments will be opening soon. Charlie Maish, District Engineer, said yes, several new commercial developments will open this fiscal year, creating new commercial water accounts.

**B. Financial Report.**

Mike Land, Chief Financial Officer, noted that at the November 2004 Board meeting there was a question by the Board regarding the number of new commercial water accounts. He explained that staff determined that over a three year period the number of new commercial accounts were up by approximately 20%.

Mr. Land said the District is under budget for expenditures, and ahead on revenues compared to the same time period last year. Development revenues continue to suffer somewhat with the lack of new development.

**C. Timeline on Uncollected Accounts.**

Mr. Land provided the Board with information on the District's proposed policy regarding the timelines involved for uncollected accounts. The Board previously requested that staff review current District policies and procedures to determine if more monies could be collected by changing the way closed accounts with a balance left owing were processed. Mr. Land provided the Board with staff's recommended timelines for handling uncollected accounts.

Mr. Tripp made a motion to approve to implement the suggested process for uncollected District accounts. Mr. Guillot seconded the motion.

Mr. Offret asked what the timeline was for sending uncollected accounts to the credit bureau. Mr. Land said if the account remains unpaid after 45 days, it is referred to TransWorld Systems and a total of five letters are sent to the customer in an attempt to collect any unpaid closing balances. The letters are mailed out weekly; therefore, this process takes approximately six weeks. Mr. Offret asked how many customers go through the entire collection process and still do not pay their closing bill. Mr. Land said there are approximately 25 unpaid accounts per month sent to TransWorld and of those between 10-15 end up being written off as bad debts. The District averages 200 final accounts per month. Mr. Offret asked if it would be possible to send only three collection letters instead of the current five letters so that less time passes before the unpaid account is sent to the collection agency. Mr. Land said that staff could contact TransWorld Systems for its response to this question.

Ms. Downing asked if a background check is conducted on the customers to determine if they are habitually late on paying bills. Mr. Land replied yes. Ms. Downing said she believes that the best chances to collect money owed is within the first 30 days after the account has been closed. She does not believe that the five collection letters for payment is very effective in enticing customers to pay their bill. Ms. Downing noted that she wants to make sure that the money left owing to the District will remain on the customer's credit history, and that if customers do not pay their bill, they need to be held accountable. She also does not believe staff should waste extra time on trying to locate customers. Ms. Downing suggested that any unpaid accounts should be sent to the collection agency if they have not been paid within 21 days after the service has been disconnected and the account has been closed.

Mr. Land asked for clarification on the amount owed of the unpaid bills that should be forwarded to the credit bureau. Ms. Downing noted that all unpaid accounts should be forwarded to the credit bureau, regardless of the amount.

Michael McNulty, Legal Council, suggested that staff contact the credit bureau for information on the laws regarding timelines for documenting non-payments and the dollar restrictions, if any. He explained that the District should make it very clear up front to all its customers what the process is for collecting unpaid monies on closed accounts, and the timeline for sending unpaid accounts to the credit bureau for inclusion on credit reports.

Mr. Guillot asked if staff had contacted other utilities in the area to determine how they handle non-payment of closed accounts. Mr. Land replied yes. He noted that it appears other area utilities have a greater amount of bad debt write off than the District. Mr. Land said that he would contact other utilities again to get a more in-depth idea of how they handle their collection processes.

The motion to approve to implement the process for uncollected District accounts failed unanimously.

Mr. Offret asked staff to incorporate the suggested changes to the collection process and bring back the policy suggestions to the Board for its consideration.

**D. Schedule for Regular Board Meetings in 2005.**

Mr. Tripp made a motion to approve the dates and times for the regular sessions of the Board of Directors meetings in the year 2005 as outlined in the report. Mr. Guillot seconded the motion. The motion passed unanimously.

**E. Resolution 2004-8 – Importance of a Reliability Reservoir for Central Arizona Project Water for Northwest Tucson Active Management Area.**

Mr. Tripp made a motion to approve Resolution 2004-8, in cooperation with other Northwest area municipal water providers, to state the critical importance of a reliability reservoir for Central

Arizona Project water for Northwest Tucson Active Management Area to ensure the future potable supply for our customers. Mr. Guillot seconded the motion.

Mr. Hill explained this resolution comes as a result of a collective effort by the Northwest area municipal water providers to ensure future potable water supplies.

Ms. Downing asked about the law that was signed today by President Bush, and if it affected Metro Water. Mr. Tenney, Assistant to the General Manager, said this law was regarding the Gila River Adjudication and Arizona Indian Settlement Act. He explained that when this law is finalized, the District would receive an allocation of approximately 4,000 acre feet of CAP water in addition to the 8,858 acre feet it currently receives.

The motion to approve Resolution 2004-8, in cooperation with other Northwest area municipal water providers, to state the critical importance of a reliability reservoir for Central Arizona Project water for Northwest Tucson Active Management Area to ensure the future potable supply for our customers passed unanimously.

**F. Approval of Municipal Well Service Contract with Brown and Caldwell.**

Mr. Tripp made a motion to approve the contract with Brown and Caldwell for professional services to drill, develop, construct and test Tucson National West No. 2 and Hub Well No. 7. The contract fee is on a time and materials basis and will not exceed \$95,524. This contract will expire on December 31, 2005, unless renewed by the Board of Directors for one additional year. Mr. Guillot seconded the motion. The motion passed unanimously.

**G. Amendment to Interim Remedial Action Contract between the Arizona Department of Environmental Quality and the District for Construction Costs Associated for the New South Shannon Treatment System.**

Mr. Hill explained that staff has been negotiating the construction costs associated with the new South Shannon treatment system with the Arizona Department of Environmental Quality (ADEQ). During this process the cost for labor and materials to complete the project has increased. ADEQ cannot provide the District with a guarantee that it will be in a position to reimburse costs for all related construction for this project. Mr. Hill said that only a portion of the money that will be reimbursed by ADEQ will be paid during this current fiscal year. The remainder of any reimbursement will possibly be paid by ADEQ next fiscal year. Mr. Hill said that due to the levels of VOC's at the South Shannon well, and the need for this well, it is imperative that the District proceed with the first phase of the construction of the new treatment system.

Mr. Offret said he is concerned that the anticipated expenditures for the new treatment system which total over \$400,000 may not be paid by ADEQ. If ADEQ is unable to reimburse the District, he is concerned where the money will come from. Mr. Offret asked if there was something the District could do to secure a more definite response from ADEQ. Mr. McNulty noted that the District's lobbyist will be here in January 2005 and suggested that staff seek their assistance in lobbying on behalf of the District for reimbursement of its expenditures for the treatment system.

Mr. Tripp made a motion to approve the amendment to the Interim Remedial Action Contract at the South Shannon Facility between the Arizona Department of Environmental Quality and the Metropolitan Domestic Water Improvement District for the new treatment system. Mr. Guillot seconded the motion.

Mr. Guillot said that it is bothersome knowing that the District may be responsible for paying for some or all of the new treatment system. Mr. Hill said that there are several different avenues available for which the District could seek reimbursement. The Board asked staff to review all possible available options, and indicated it would discuss this item at the regular meeting of the Board in January 2005 with the District lobbyist.

The motion passed unanimously.

#### **H. Exchange of District Property with Pima County.**

Mr. Tripp made a motion to approve the exchange of District property with Pima County. Mr. Guillot seconded the motion.

Ms. Downing asked about the \$10,000 for closing costs in the Exchange Agreement. She noted that this is a lot of money and asked for an explanation of the closing costs since the value of the property was only \$14,000. Mr. McNulty explained the \$10,000 was a not-to-exceed amount only, and was included in the agreement which is a typical broiler plate document. He said the agreement could be revised to reflect a total not-to-exceed amount of \$2,000 for closing costs. Ms. Downing noted that Pima County could conceivably incorporate numerous costs into this category bringing the total amount at or near the \$10,000.

Mr. Maish agreed with Mr. McNulty and said that with similar agreements with Pima County in past years, it has not charged the District for closing costs.

Mr. Tripp said that since it appears to be a typical broiler plate policy he is not concerned about approving the agreement.

Mr. Doyle suggested that the contract could be re-written to include a lesser not-to-exceed amount.

Mr. Tripp made a motion to approve the exchange agreement of District property with Pima County, with an amendment to the agreement that the District not assume any closing costs. Mr. Guillot seconded the amended motion. The motion passed unanimously.

#### **I. Presentation on Customer Relations and Meter Data Logging.**

Mr. Hill provided the Board with a brief presentation on the use of meter data loggers. Since 2000 the District has conducted more than 180 data logging tests. Mr. Hill explained that the data loggers are used to detect high water usage and provide information on the types of water usage patterns that occur, such as when the water is being consumed. The data logger is very accurate and is typically placed on a water meter for a period of seven days. Mr. Hill said that generally Customer



Service notifies Utility staff of abnormally high water usage and the Utility staff places the data logger on the meter to determine the cause for the high water usage.

Ms. Downing suggested an article be included in the newsletter regarding the data loggers to make customers aware of their use by the District.

**V. General Manager's Report**

Mr. Hill said that Governor Napolitano's listening session is scheduled for Tuesday, December 14, 2004 at 5:00 p.m. at Pima Community College, downtown campus. This is the second in a series of listening sessions on water issues. He added that the Board will be provided with a copy of the comments from the listening session.

Mr. Hill noted that Mark Stratton, General Manager, is absent from this Board meeting due to attending the 2004 National Salinity Management and Desalination Summit, and the Colorado River Water Users Association Conference, both held in Las Vegas this week.

Mr. Hill mentioned the annual staff Christmas luncheon and invited the Board members to attend. Mr. Offret asked that the luncheon be 'Noticed' if all Board members planned to attend the luncheon scheduled for December 21, 2004 at noon.

Mr. Hill explained that on January 12, 2005 staff will be at Fruchtlender School at 7:00 p.m. to talk with customers regarding the new well on Cloud Road in the Hub service area.

**VI. Legal Counsel's Report**

Mr. McNulty said Legal Counsel received word that the District was awarded the parcel of property in the Hub service area that is to be the site of the new Hub well.

**VII. Future Meeting Dates; Future Agenda Items**

The next regular meeting of the Board is January 10, 2005 at 6:00 p.m.

**VIII. General Comments from the Public**

There were no comments from the public.

**IX. Presentation to Board Member Reb Guillot.**

Board Member Reb Guillot was presented with a plaque from the remaining Board members thanking him for his service and dedication while serving on the Board of Directors. Mr. Guillot was appointed to the Board in May 2004 to fill a vacancy created when Dennis Polley resigned from the Board after moving out of Metro Water District boundaries. Mr. Guillot will be replaced in January 2005 by newly elected Board member Judy Scrivener. Mr. Guillot has been the only

resident from the Hub service area to serve on the Board of Directors, and was instrumental in the successful annexation of Hub with Metro Water District.

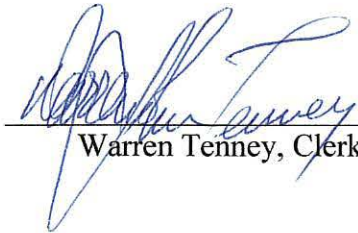
Mr. Guillot said that he was honored to serve Metro Water District as one of its Board members, and was proud to work with Metro Water staff and the other Board members. Mr. Guillot noted that he would still attend Board meetings to keep apprised of water issues and the general business of the District.


**X. Presentation on Issues Impacting the Central Arizona Project.**

Mr. Hill provided the Board with a viewing of the documentary film produced by the Central Arizona Project (CAP) on the drought impact on the state of Arizona and the main issues confronting CAP. Board members requested, and will be provided, a copy of the documentary film. The issues discussed in the film directly and indirectly influence the District.

**XI. Adjournment**

The meeting adjourned at 7:30 p.m.

  
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Warren Tenney, Clerk of the Board

  
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Dan M. Offret, Chair of the Board  
Suzanne Downing